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24 April 1956

ECONOMIC INTELLIGENCE COMMITTEE

Minutes of Meeting Held in
Room 2125, Temporary "M" Building
26th Street and Constitution Avenue, N. W.

12 April 1956

PRESENT

Dr. Otto E. Guthe, CIA, Chairman

25X1A9a [REDACTED], CIA

Colonel William C. Baird, Air Force

Mr. Gustave Burmeister, Agriculture

Mr. Frank M. Charrette, ICA

Mr. Edward Doherty, State

Mr. John W. Easton, JCS

Mr. Kingsley Hamilton, Air Force

Commander Robert E. Hawthorne, Navy

Mr. Duncan Holmes, Army

Dr. Norris G. Kenny, OSD

Mr. Fred S. Lott, Interior

25X1A9a [REDACTED], EIC, Principal Staff Economist

25X1A9a [REDACTED], EIC, Executive Secretary

ANNOUNCEMENTS OF CHAIRMAN

1. The Chairman reported that revised minutes of the meeting of 8 March 1956 had been circulated with the understanding that they would be considered approved unless members notified the Secretariat to the contrary by Friday, 6 April. Since no such notification had been received the minutes are regarded as approved.

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3. Attention was called to the EIC's 1955 Semianual Report of Internal and External Economic Research Projects on the Sino-Soviet Bloc (EIC-S-21) -- which had just been disseminated. The Chairman noted that the heavy workload required for producing this report might make it necessary to consider publishing only an annual report in the future.

4. The Chairman drew attention to the Eight Months Progress Report on EIC activities which had been distributed to members at the meeting.

5. The Chairman read a portion of his correspondence with the Chairman of GMIC, including the latter's statement that "...the GMIC must necessarily address itself to the same areas previously covered by the Guided Missiles Working Group (GMWG) of the EIC. For this reason it would appear to be unnecessary and undesirable for the EIC to proceed further with the coordination of intelligence research on production aspects of the Soviet guided missile program". The Chairman noted that CIA was participating in certain economic aspects of the work of GMIC and that any further EIC action through a working group of its own on guided missiles appeared unnecessary at this time. The Secretariat was directed to distribute copies of this correspondence with GMIC to the EIC members (see attachments).

6. The Chairman reported that the DCI had received an invitation from the Assistant Chief of Staff, Intelligence, Department of the Army for CIA to participate in a full time interagency working group to deal with problems of estimating transportation capabilities -- particularly for land transportation. The Chairman welcomed this proposal, which he noted was in line with earlier recommendations of the Transportation Subcommittee. He also noted that discussions with Colonel Postlethwait had clarified the relationship of this group to the EIC. It was understood that the Chairman and administrative support for the working group would be provided by ACSI, but that the group would also report to the EIC Subcommittee on Transportation. The Subcommittee will review and the EIC will publish projects prepared by the group on subjects of interagency interest upon which it is desired to have interagency-agreed intelligence. CIA will support the group with the equivalent of one analyst's full time.

7. The Chairman reported that a special working group of the IAC had submitted recommendations for the operations of the IAC and its principal subcommittees in wartime or under wartime conditions, and specifically for Operation Alert in 1956. One of the recommendations is that each of the IAC subcommittees, having a function to perform in wartime, prepare a wartime plan. The

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Chairman suggested that the EIC await formal IAC action on the report before considering formulation of a wartime plan for EIC operations, but that members might find it useful to discuss with the Executive Secretary the preparation of a list of names of key individuals to be kept on file in one or more relocation centers as a means of facilitating rapid reestablishment of EIC and subcommittee contacts after any relocation of participating offices.

8. The Chairman reported that a special meeting of the Working Group on Sino-Soviet Bloc Economic Activities in Under-developed Areas had been held on 10 April to discuss content and composition of the Biweekly Reports and of the forthcoming initial background summary. A discussion followed in which members emphasized the importance of maintaining balance in the Biweekly publication between factual reporting of new developments and background material to place such developments in perspective. Concern was also expressed that the initial background paper include pertinent description of developing regional (and in some cases country) situations. It was agreed that the sense of this discussion should be reported by the State Department representative to the Chairman of the Working Group, and that further comments by individual members might appropriately be made directly to the Chairman or Secretary of the Working Group.

REPORT OF AGRICULTURE SUBCOMMITTEE ON STATE DEPARTMENT'S PROPOSED
PROJECT -- "POLICIES, PERFORMANCE AND PROSPECTS OF SOVIET AGRICULTURE"

9. Action: The EIC approved the recommendations of its Agriculture Subcommittee. It directed the Subcommittee to proceed with establishment of a special working group to coordinate preparation of this Report, with a view to delivering an agreed Subcommittee draft to the Secretariat, for EIC consideration, about 1 July 1957.

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EIC CONTRIBUTIONS TO NIE 11-6-56, "CAPABILITIES AND TRENDS OF SOVIET SCIENCE AND TECHNOLOGY"

10. Action: The members approved the Chairman's suggestion that ORR/CIA prepare a draft of the contributions suggested in the ONE memorandum of 3 April on this subject, and that this draft be cleared directly with the EIC members, if possible, prior to April 25th.

PROPOSAL FOR EIC STUDY OF MIDDLE EAST OIL SITUATION

11. Discussion: The Chairman outlined the background of the proposal, after which there was a general discussion of the nature of the project desired, the appropriateness of EIC's sponsoring

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such a project, and the manner in which such a project might best be handled.

12. Action: It was agreed that the representative of the Department of State would call together a small working group to include designees of State, Interior, OSD, ICA, and other interested agencies, with the EIC Secretariat providing such assistance as required. This ad hoc group is to propose specific Terms of Reference for a project responsive to the general tenor of proposals contained in EIC-D-1147 and its attachments, including proposed agency responsibilities for implementing such a project.

OTHER AGENDA ITEMS

13. On account of the lateness of the hour, other agenda items (4, 5 and 7 on the announced agenda) were deferred.

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Executive Secretary
Economic Intelligence Committee

Attachments:

Letter from AD/RR to GMIC dated 17 Feb 56
Letter from GMIC to AD/RR dated 12 Mar 56

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